

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0520P

**Sales and Use Tax
Calendar Years 1995, 1996, 1997**

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer, in a letter dated August 20, 1998 protested the penalties assessed on an audit completed on June 16, 1998.

The audit report reveals that the taxpayer failed to self-assess use tax on office supplies, building materials, maintenance equipment, gifts, advertising material, subscriptions and miscellaneous items and had no accrual system in place. Taxpayer files yearly "zero" ST-103's.

I. **Tax Administration** – Penalty

DISCUSSION

At issue is whether the taxpayer was negligent in failing to self assess use tax.

Taxpayer failed to accrue or remit use tax on clearly taxable items and has no use tax accrual system in place.

Taxpayer protests the penalty and states it makes a good faith effort to comply with the Sales and Use Tax regulations and the total deficiency was only \$3,250. Taxpayer, however, had no use tax accrual

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system in place and filed zero returns with the department. The ST-103's have a line clearly available for the remittance of use tax. Ignorance of the tax laws is not reasonable cause.

The department finds the taxpayer was negligent in its failure to self assess and pay use tax on clearly taxable items and the taxpayer has not provided reasonable cause for its failure to do so.

FINDING

Taxpayer's protest is denied.